

INTRODUCTION

The Inflation Reduction Act (IRA) places an overwhelming emphasis on climate action and clean energy, promising to lower energy costs, advance environmental justice, and build a cleaner future.¹ The act builds on the bipartisan infrastructure law known as IIJA, and many of its programs align with Justice40. As the largest investment in climate change yet, the IRA is expected to reduce current GHG emissions by 38% to 40% from 2005 levels.²

The IRA aims to impact transportation in the following ways:

- Enhance mobility infrastructure
- Facilitate access to clean transportation
- Promote clean transit

While this brief examines the IRA's impact on all areas of transportation, we focus on the Act's Neighborhood Access and Equity Grant Program. Then, Mobilify provides an analysis of this program, including a discussion of certain restrictions that may prove to be cumbersome towards the goal. This brief also provides a short analysis of the clean heavy-duty vehicle initiative in the IRA.

IRA TRANSPORTATION DETAILS

A significant portion of the IRA focuses on improving the intersections between transportation, public health, clean energy, and equity. The following programs provide incentives for individuals and businesses to invest in these areas:

Neighborhood Access and Equity Grant Program: Vehicle electrification has yet again grabbed the spotlight, but the Neighborhood Access and Equity Grant is a huge carbon reduction and community development opportunity. The program allocates \$3 billion in competitive grants for projects that improve transportation accessibility, mitigate the negative impacts of transportation facilities, and facilitate planning and capacity building in underserved

¹ "FACT SHEET: Inflation Reduction Act Advances Environmental Justice." <https://www.whitehouse.gov/Briefing-Room/>. The White House, August 17, 2022. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/17/fact-sheet-inflation-reduction-act-advances-environmental-justice/>.

² Martín, Carlos. "The Inflation Reduction Act Will Reduce Household Energy Insecurity-but It Could Do More." Brookings. Brookings Institute, August 22, 2022. <https://www.brookings.edu/blog/the-avenue/2022/08/22/the-inflation-reduction-act-will-reduce-household-energy-insecurity-but-it-could-do-more/#:~:text=Indeed%2C%20by%20most%20models%2C%20the,net%20zero%20emissions%20by%202050.>

communities.³ This program is intended to supplement IJA's \$1 billion Reconnecting Communities Pilot Program, with the aim to support communities affected by divisive highway infrastructure.⁴ Eligible entities include metropolitan planning organizations and non-profits that have a partnership with other eligible entities. The federal share is 80 percent, but communities that are federally identified as disadvantaged may be eligible for up to 100 percent.

Most important for places most affected by transportation infrastructure, \$1.262 billion is dedicated to projects in communities that: 1) are in an area of persistent poverty, 2) have entered or will enter a community benefits agreement with its representatives, 3) have a community advisory board, or 4) demonstrate a plan for employing local residents in the impacted area.⁵

The Neighborhood Access and Equity Grant program is the only infrastructure-focused element of the IRA's transportation component, though it should be noted that the bill also provides a tax credit expansion for electric vehicle charging infrastructure.⁶

Heavy-Duty Vehicles: The IRA also allocates \$1 billion to promote clean heavy-duty vehicles (HDVs). The Act creates a grant program that: 1) replaces eligible HDVs with zero-emission vehicles, 2) maintains infrastructure needed for zero-emission vehicles, and 3) supports the adoption or deployment of zero-emission vehicles.⁷ Following Justice40's nature, \$400 million of these funds are reserved for HDVs that operate in communities located in EPA-designated non-attainment areas.⁸ Eligible parties are municipalities, nonprofit school transportation associations, and contractors who service zero-emission vehicles or arrange financing for such servicing.⁹ The grant program must be created no later than 180 days after the enactment of the Act.

³ "H.R.5376 - 117th Congress (2021-2022): Inflation Reduction Act of 2022 ...," Congress.gov (Representative John A. Yarmuth), accessed September 15, 2022, <https://www.congress.gov/bill/117th-congress/house-bill/5376>.

⁴ Noa Banayan, "What Is in the Inflation Reduction Act for Bikes?," PeopleForBikes, August 16, 2022, <https://www.peopleforbikes.org/news/what-is-in-the-inflation-reduction-act-for-bikes>.

⁵ Ibid

⁶ *WHAT DOES THE IRA DO FOR TRANSPORTATION/USDOT GHG RULE*, YouTube (YouTube, 2022), <https://www.youtube.com/watch?v=6pgnn5Sb2g4>.

⁷ Ibid

⁸ "Non-Attainment Area," Wikipedia (Wikimedia Foundation, December 14, 2018), https://en.wikipedia.org/wiki/Non-attainment_area#:~:text=Non-attainment%20area%20in%20United%20States%20environmental%20law%2C%20a,Act%20Amendments%20of%201970%20%28P.L.%2091-604%2C%20Sec.%20109%29.

⁹ Ibid

Electric Vehicle Tax Credit Expansion: The IRA provides an expansion of the pre-existing EV tax credit. Customers are eligible for up to \$7,000 off the purchase of a new EV and up to \$4,000 off the purchase of a used EV. This expansion places further restrictions on manufacturers who purchase foreign parts.

ANALYSIS AND DISCUSSION: NEIGHBORHOOD ACCESS AND EQUITY GRANT PROGRAM

The IRA states that the Neighborhood Access and Equity Grant program funds will be allocated to projects carried out on so-called federal-aid highways. As such, LMI and BIPOC communities that have long suffered the brunt of highway infrastructure now have an additional resource to support their efforts towards community reconnection. The program also reserves \$50 million for technical assistance such as grant application templates and training. Though only projects submitted by units of local government are eligible for this support,¹⁰ chronic shortages in human capacity and expertise in disadvantaged communities could benefit greatly from this assistance. Since the IRA encourages governmental entities to collaborate with nonprofits to execute projects, this gives communities and their representative organizations more access to technical assistance and capacity. Moreover, the encouragement of nonprofit-government collaboration increases community influence in decision-making processes beyond plans and whether a plan leads to a project. While other areas of government have seen this sort of relationship for some time, this is a new and welcome development within the US Department of Transportation.

It is also important to note that funds under this program may not be used to create additional through travel lanes for single-occupant passenger vehicles.¹¹ This restriction helps ensure that these funds are used as intended rather than to fill the holes in a highway project. They may also prove to be beneficial for projects that aim to redevelop existing transportation infrastructure.

Although the IRA invests in clean HDVs, the grant program's regulations are obscure and require further guidance from FHWA. The Act provides no definition for a nonprofit school transportation association, for example, so eligibility is unclear. Nonetheless, public transit

¹⁰ Ibid

¹¹ "Inflation Reduction Act: Public Transit Tax Credits and New Investments," American Public Transportation Association, August 11, 2022, <https://www.apta.com/advocacy-legislation-policy/legislative-updates-alerts/updates/inflation-reduction-act-public-transit-tax-credits-and-new-investments/>.

agencies who have partnerships with educational institutions may likely benefit from the program since this eligibility suggests that entities that provide transportation for educational purposes may be prioritized.

CONCLUSION

Allocating additional funds to address transportation barriers and adverse impacts in disadvantaged communities – and giving them access to transportation decision-making processes - is a pivotal step towards addressing the climate crisis through the lens of climate justice. Also, although this brief focuses on the transportation infrastructure component of the Inflation Reduction Act, the Act is set to have a promising impact on tax credits and EV usage. With more details to follow concerning the upcoming HDV grant program, we hope that public transportation is prioritized. Making HDVs a priority increases the likelihood of impact on a wider range of transportation options.

As is the case with so many federal programs, however, how effective IRA is in achieving its climate goals relies largely on rulemaking. Regarding the Neighborhood Access and Equity grant program, for example, the law provides no explicit guidance around how FHWA will manage the disbursement of funds. Furthermore, the following questions need to be answered to determine the true impact the IRA might have:

- Will federal guidance make it easier or harder for the Neighborhood Access and Equity program to succeed?
- The push for clean transportation is apparent, but the ambiguity in law for clean HDVs leave room for many assumptions. For example, what exactly is a “nonprofit school transportation system?”
- Will the EV tax credit facilitate access for disadvantaged communities or simply provide a financial incentive for those who are already able to afford such vehicles?

While more information is needed to ensure that this initiative is implemented equitably, the DOT’s support of nonprofit-government collaboration is a step in the right direction. We hope that such collaborations will yield more results for LMI and BIPOC communities.